

**Estimate of Economic Impact**

The proposed action has no economic impact.

**Economic Impact on Small Businesses**

The proposed action has minimal or no economic impact on small businesses.

**Impact on Individuals with Disabilities**

The proposed action has no impact on individuals with disabilities.

**Opportunity for Public Comment**

Comments may be sent to Anne E. Gawthrop, Director, Legislative Affairs, Maryland State Retirement Agency, 120 East Baltimore Street, Baltimore, Maryland 21202, or call 410-625-5602, or email to [agawthrop@sra.state.md.us](mailto:agawthrop@sra.state.md.us), or fax to 410-468-1710. Comments will be accepted through November 14, 2016. A public hearing has not been scheduled.

**Open Meeting**

Final action on the proposal will be considered by the Board of Trustees for the State Retirement and Pension System during a public meeting to be held on November 17, 2016, at 9:30 a.m., at 120 East Baltimore Street, 16th Floor, Baltimore, Maryland 21202.

R DEAN KENDERDINE  
Executive Director

# Title 31

## MARYLAND INSURANCE ADMINISTRATION

### Subtitle 08 PROPERTY AND CASUALTY INSURANCE

#### 31.08.11 Liability of Insurer — Failure to Act in Good Faith

Authority: Courts and Judicial Proceedings Article, §3-1701; Insurance Article, §§2-109(a)(1) and 27-1001; Annotated Code of Maryland

**Notice of Proposed Action**

[16-256-P]

The Insurance Commissioner proposes to amend Regulations .01, .02, .04, .05, and .07 under COMAR 31.08.11 **Liability of Insurer — Failure to Act in Good Faith**.

**Statement of Purpose**

The purpose of this action is to amend COMAR 31.08.11.01 and .02 to update the Maryland Insurance Administration's review of carriers' failure to act in good faith in the handling of an individual disability claim based on the passage of H.B. 990 of 2016; amend COMAR 31.08.11.04, .05, and .07 to update the address of the Maryland Insurance Administration for the filing of the claims and the insurer's response; and amend COMAR 31.08.11.04 to fix a typographical error in the word "identified".

**Comparison to Federal Standards**

There is no corresponding federal standard to this proposed action.

**Estimate of Economic Impact**

**I. Summary of Economic Impact.** Unknown amount at this time, but will increase the number of bad faith claims that are submitted to the Maryland Insurance Administration, which will increase the work load.

**II. Types of Economic Impact.**

A. On issuing agency:	NONE	
Personnel costs	(E+)	Unknown
B. On other State agencies:	NONE	
C. On local governments:	NONE	

Revenue (R+/R-)

Expenditure  
(E+/E-) Magnitude

Benefit (+)  
Cost (-) Magnitude

D. On regulated industries or trade groups: NONE

E. On other industries or trade groups: NONE

F. Direct and indirect effects on public: NONE

**III. Assumptions.** (Identified by Impact Letter and Number from Section II.)

A. Assuming the number of bad faith claims submitted to the Maryland Insurance Administration increases, this will lead to more employee time being used to handle these types of claims.

**Economic Impact on Small Businesses**

The proposed action has minimal or no economic impact on small businesses.

**Impact on Individuals with Disabilities**

The proposed action has no impact on individuals with disabilities.

**Opportunity for Public Comment**

Comments may be sent to Lisa Larson, Assistant Director of Regulatory Affairs, Maryland Insurance Administration, 200 Saint Paul Place, Ste. 2700, Baltimore, MD 21202, or call 410-468-2007, or email to [insuranceregreview.mia@maryland.gov](mailto:insuranceregreview.mia@maryland.gov), or fax to 410-468-2020. Comments will be accepted through October 31, 2016. A public hearing has not been scheduled.

**.01 Purpose.**

A. The purpose of this chapter is to:

(1) Establish the procedures for filing and processing civil complaints against property and casualty insurers *and insurers that offer disability insurance* that are required to be filed with the Administration pursuant to Insurance Article, §27-1001, Annotated Code of Maryland; and

(2) Require property and casualty insurers *and insurers that offer disability insurance* that are the subject of a civil action described in Courts and Judicial Proceedings Article, §3-1701(d), Annotated Code of Maryland, to report to the Administration certain information that the Administration is required to submit to the General Assembly pursuant to Insurance Article, §27-1001(h), Annotated Code of Maryland.

B. (text unchanged)

**.02 Applicability and Scope.**

A. This chapter is applicable to all insurers that issue, sell, or deliver a policy of property and casualty insurance *and insurers that offer individual disability insurance* that includes first-party coverage in this State.

B. (text unchanged)

**.04 Filing the Complaint.**

A. Plaintiff Filing a Complaint.

(1) A plaintiff filing a complaint that is required to be filed with the Administration in accordance with Insurance Article, §27-1001, Annotated Code of Maryland, shall submit the complaint to the Administration in accordance with the following procedures:

(a) The complaint shall include the information and be accompanied by the documents [indentified] *identified* in Insurance Article, §27-1001(d)(2), Annotated Code of Maryland;

(b) — (c) (text unchanged)

(2) (text unchanged)

B. The 27-1001 filing and civil cover sheet shall be filed by sending them by:

(1) First class mail addressed to the *Hearing and Appeals* Clerk, Maryland Insurance Administration, [Post Office Box 388] 200 St. Paul Place, Suite 2700, Baltimore, Maryland [21203] 21202;

(2) A commercial overnight delivery service addressed to the *Hearing and Appeals* Clerk at the Administration's official street address; or

(3) Hand delivery addressed to the *Hearing and Appeals* Clerk between the hours of 8 a.m. and 4 p.m. at the official street address of the Administration.

C. (text unchanged)

**.05 Defendant Insurer's Responsive Filing.**

A. — E. (text unchanged)

F. The defendant insurer's responsive filing and the index and documents required under §§C and D of this regulation shall be filed with the Administration by:

(1) First class mail addressed to the *Hearing and Appeals* Clerk, Maryland Insurance Administration, [Post Office Box 388] 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21203[3];

(2) A commercial overnight delivery service addressed to the *Hearing and Appeals* Clerk at the Administration's official street address; or

(3) Hand delivery addressed to the *Hearing and Appeals* Clerk between the hours of 8 a.m. and 4 p.m. at the official street address of the Administration.

G. — H. (text unchanged)

**.07 Duties of Defendant Insurers.**

A. — C. (text unchanged)

D. Notice of Disposition.

(1) (text unchanged)

(2) The notice of disposition shall be on the form determined by the Administration and published by bulletin and shall be sent to the *Hearing and Appeals* Clerk at the Administration within 30 days of the disposition.

(3) (text unchanged)

E. Notice of Pending Complaint.

(1) (text unchanged)

(2) The notice of the pending complaint shall be on the form determined by the Administration and published by bulletin and shall be sent to the *Hearing and Appeals* Clerk at the Administration within 30 days of service of process.

(3) (text unchanged)

ALFRED W. REDMER, JR.  
Insurance Commissioner

## Subtitle 08 PROPERTY AND CASUALTY INSURANCE

### 31.08.13 Application of a Percentage Deductible in the Case of a Hurricane [or Other Storm]

Authority: Insurance Article, §§2-109, [and] 19-209, and 19-209.1, Annotated Code of Maryland

#### Notice of Proposed Action

[16-253-P]

The Insurance Commissioner proposes to amend Regulations .03 and .04 and repeal Regulation .06 under **COMAR 31.08.13 Application of a Percentage Deductible in the Case of a Hurricane**.

#### Statement of Purpose

The purpose of this action is to amend the enabling authority under COMAR 31.08.13 to include Insurance Article, §19-209.1, Annotated Code of Maryland, as it is necessary authority for these changes; amend COMAR 31.08.13.03 to remove the definition of "other storm" as H.B. 557, Ch. 491, Acts of 2016, removed the phrase in the statute; amend COMAR 31.08.13.04 with a technical change to match the language from H.B. 557; repeal COMAR 31.08.13.06 to remove the annual statement requirement to be consistent with H.B. 557, which incorporates the annual statement requirements into the statute.

#### Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

#### Estimate of Economic Impact

The proposed action has no economic impact.

#### Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

#### Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

#### Opportunity for Public Comment

Comments may be sent to Lisa Larson, Assistant Director of Regulatory Affairs, Maryland Insurance Administration, 200 Saint Paul Place, Ste. 2700, Baltimore, MD 21202, or call 410-468-2007, or email to [lisa.larson@maryland.gov](mailto:lisa.larson@maryland.gov), or fax to 410-468-2020. Comments will be accepted through October 31, 2016. A public hearing has not been scheduled.

#### .03 Definitions.

A. (text unchanged)

B. Terms Defined.

(1) — (5) (text unchanged)

[(6) "Other storm" includes:

(a) A hail storm;

(b) A snow storm;

(c) A thunderstorm;

(d) A tornado; and

(e) A wind storm.]

[(7)] (6) — [(10)] (9) (text unchanged)

#### .04 Application of a Percentage Deductible.

A. An insurer may apply a percentage deductible to a claim for a covered loss under a homeowner's insurance policy if the covered loss was sustained while a hurricane warning was in effect, or within 24 hours following termination of the last hurricane warning issued, for any part of the State [in which the residential property is located] *regardless of where the insured's home is located in the State*.